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## SOUTH AMERICA—OUR MANUFACTURERS' GREATEST OPPORTUNITY<sup>1</sup>

BY HON. JOHN BARRETT,

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Without wasting any of your time in preliminaries, beyond saying that I am grateful for this opportunity of meeting you, I want to say that in the subject assigned to me there is perhaps a little apparent presumption. I did not intend to give the impression that might be given by this title, that it was the greatest opportunity in the world. I meant the greatest foreign opportunity. Of course I always except the opportunity that there is in our own country, and I think that idea ought to have been conveyed in the title. Also in referring to our greatest foreign opportunity I do not mean to be understood that it is necessarily the greatest field at the present moment, for it is not the market which is consuming the largest portion of our manufactured products at this hour, but it is the one which offers the greatest opportunity of development.

Before I refer specifically to that subject, however, I want to state, as one who has just come from Washington, and who has been watching very closely the discussion upon the tariff bill, that you can imagine how closely the subject comes to me, when hardly an hour has passed during the last two months that some member of the House of Representatives or some senator has not called upon our office for information regarding our trade relations with foreign countries. Inasmuch as nearly half of the foreign countries are comprehended within the jurisdiction of the International Bureau of which I am the head, you can appreciate that there is plenty of work for us to do. Almost every schedule in the great tariff bill that is now under consideration affects, directly or indirectly, each one of these twenty nations to the south of us on the western hemisphere.

There is one thing which I think every manufacturer in this country should consider in the discussion of this tariff bill, and a

<sup>1</sup>An address delivered at the annual meeting of the National Association of Manufacturers, and here printed through their courtesy.

thing which I am afraid the majority of our senators and representatives have overlooked. Now I pass no criticism upon any member of the Senate or House of Representatives. The majority of those men are far greater experts on tariff questions than I can ever hope to be, and I do not wish to appear as endeavoring to say anything derogatory of them, or laudatory of myself; but if you will go through all the speeches that have been made so far, and almost all the discussions that have appeared in the newspapers, you will notice that there has been an absolute neglect of the effect the tariff may have upon our export trade. Inasmuch as the tariff regulates imports, the whole of Congress and almost our whole people seem to have forgotten how possibly that tariff bill may be framed in such a way as to injure our export trade. Now when you stop to think that our export trade amounts to more than a billion and a half of dollars a year, and is going on rapidly to the mark of two thousand million dollars, it is of great importance to see that a tariff bill is passed of a kind which will not curtail that export trade, which will not cut it down, but which will build it up. Our country cannot become great as a manufacturing nation, our manufacturers cannot reach the very highest degree of prosperity, unless we consider the export market at the same time that we consider the home market. Of course the home market is the first consideration. There is no argument on my part against that proposition. That is to be conceded; but let us not hold this so near to our eyes that we do not see the export field beyond. When we are putting a duty on anything that comes from a foreign country we are too prone, and it seems to me that in the discussion of this question in Congress they have been too prone, to forget what effect the cutting off of the import trade from that country may have upon our export trade with that country, or what effect it may have upon the manufacturing industries of this country. Now if we are going to become a great exporting country, in competition with Germany, France and Great Britain, we have the absolute necessity before us in framing each schedule of the tariff bill of thinking not only of the question of raising revenue, not only of considering the question of protection, but also of considering whether it is going to hurt our trade with foreign countries, whether it is going to cut off that velvet as it were which comes to the manufacturers of this country from sending abroad nearly two billion dollars' worth of material each year.

When we stop to think that this means twenty-five dollars per head for every one of our people, men, women and children, then it becomes an issue of the highest consideration to all of us. I do not know how many senators and representatives I have talked with on this point, but it seems as if it had been almost entirely forgotten. If there is any one question that comes up in the discussion of a tariff bill before the German Reichstag or before the Parliament of France or the British House of Commons, it is the question of their export trade. That is always discussed there; but in all the discussions of our House of Representatives, in their long debate, not one speech was made, and not one speech has yet been made in the United States Senate, that has given any consideration to the question of protecting and building up our great export trade. Yet all the time our papers are talking about our export trade. They are talking about improving our consular service, about studying how to pack our manufactured goods for foreign shipments, how to get acquainted with the foreign market, how to study their necessities, and yet we are forgetting, or giving very little consideration to, the effect of the pending tariff bill upon our export trade. As I have said, I am not criticising, but simply throwing out the suggestion that the manufacturers of this country should watch the tariff bill, to see whether in the changes of the various schedules there may not be involved the diminishing or absolute cutting off of our trade with certain countries in a way that will bring far more damage, a far greater decrease of revenue to this country, and by revenue I mean the good that comes to all our citizens, than could possibly come under existing conditions. It is of the highest importance that when we are protecting ourselves possibly against another country we should at the same time make sure that we are protecting our export trade to that country and not cutting it off.

Now this comes home to me because it is my privilege to be in the closest touch with every one of these twenty governments south of us. I am in close touch with their foreign offices, with their representative statesmen, and I am watching the great newspapers from Mexico City and Cuba south to Buenos Aires, representing, mind you, a population of 70,000,000 of consuming people, people who should become buyers of our manufactured products; and I find this one thought running through their editorials, running through the speeches of their men in their different congresses that

the United States in framing its tariff bills is always thinking rather of the one question of protection and the one question of revenue, and not how possibly they may hold out the right hand of fellowship to these sister republics and help them to build up their commerce with our country, so that they can buy more from us. That is what we all desire, and, Mr. President, I think one of the strongest arguments in favor of a tariff commission is that such a commission will study carefully the interworkings, the shuttling of trade relations, so that while framing that tariff bill they will frame one that will not only be just to our own institutions, to our own manufacturers, but also just to foreign countries at the same time.

The International Bureau of American Republics, if you remember, was organized about twenty years ago under the splendid leadership and direction of one of the great master minds of our country, James G. Blaine. It was he who first conceived in its fullest strength the necessity of our getting into closer relations with our sister nations. The International Bureau of American Republics was organized to provide information to the people of the United States about Latin-America, and in return to provide information to Latin-America about the United States. The institution had a dignified and honorable existence, but did not accomplish the great work that it was intended for until in a later day another great statesman, Elihu Root, conceived the necessity of getting into closer touch with those countries; and under his help and with the co-operation of all these countries the International Bureau has been reorganized, and now I say, without any reference to my being at the head of it, that it is becoming a world-recognized institution, and I will tell you why. When, two years ago, it was my privilege to take charge of that bureau, the correspondence amounted to not over six hundred letters a month. In the month of April just past the correspondence of the International Bureau of American Republics was greater than that of the State Department at Washington. In addition to our other work we exchanged in April with the rest of the world over four thousand letters. Every State in the Union had correspondence with us, as did every nation upon the western hemisphere, and the majority of the European countries. It is with great pleasure that I state that upon the private tables of a majority of the monarchs of Europe are to be found the Bulletins of the International Bureau of American Republics, and the word

has come to us from nearly every foreign office of Europe that our publications are desired by them as showing what the United States is doing in the development of closer relations with Latin-America.

Our circulation is limited, because we are dependent upon the appropriations of governments; we have no income from advertisements, and we are to-day in the position of not being able to supply twenty-five per cent of the demand for that publication, simply because we have not sufficient copies. We shall have to go before Congress at its next session and ask for an increased appropriation. When I took charge of the bureau two years ago only ten per cent of the members of Congress made any use of the International Bureau. I think last year ninety-seven per cent of the members of the United States Senate and House of Representatives called upon the bureau more than two times, and some of them a score of times, for information and for assistance in securing data that would be a help to them.

Another thing: Whereas two years ago it was comparatively rare that an American manufacturer called upon us for information and data, now there is not a day when we do not receive inquiries from a score of manufacturers and business men in all parts of this country and of the world, asking for information about these sister republics, and what are the opportunities for the development of trade and commerce down there.

Now, my friends, the other day I opened the newspaper "*La Prensa*," of Buenos Aires, Argentina, which is, with the exception of the "*Jornal Do Comercio*" of Rio de Janeiro, the greatest newspaper of South America. You have heard of it. It has the finest newspaper plant in all the world. There is no newspaper building in New York or in any city in the United States or in Europe that is equipped so magnificently, so perfectly, in the building and its appurtenances as is the newspaper "*La Presna*" of Buenos Aires. It has an enormous circulation and a mighty influence. The leading editorial in that paper was to this effect: "Will the United States be selfish, or will it be generous in framing the present tariff bill? Will it frame that bill so that Argentina can sell more of her products in the United States, and in return Argentina can purchase more of the manufactured products of the United States?" Now that is something for us to stop and think of. Argentina has only six million people, and yet last year Argentina bought and sold

more than Japan with her fifty millions of people, or China with her three hundred millions of people. The trade of Argentina last year amounted to nearly \$600,000,000, divided almost equally between imports and exports. And yet when you look over the list of the imports of Argentina, you will find that Great Britain sold to her twice as much as we did, and Germany led us by a good big figure, and yet we sold to Argentina \$35,000,000 worth of our manufactured products. We purchase from her only about thirteen to fifteen millions, and she says: "Give us a chance to sell more to you so that we may not be under the necessity of possibly discriminating against you and buying more from the European countries. Give us a greater market for our natural products, so that we can purchase more from you."

Now here is a cardinal point which every manufacturer understands better than I do: When you ship out of the United States a manufactured product that has required the use of capital, the use of labor, the use of a manufacturing plant and all that it involves, you bring far greater wealth back into the country than when you export a simple natural product, an agricultural product. The more highly manufactured anything is, the more innumerable the processes of manufacture, the greater the wealth that is returned. Now do you stop to think that there is no portion of the world which buys out of the total export of the United States a greater proportion, in ratio to population, of our manufactured products than do the Latin-American republics? The most interesting point about our trade with Latin-America is that those people buy all these manufactured things that embody labor, embody capital, embody great plants, embody great investments, and therefore bring the chief return to us. Our great natural products which bring us the least profit go to Europe in larger quantities. South America will always be a wonderful field for the development and sale of our manufactured products, and that is why I call it to your attention as perhaps our greatest foreign opportunity. Down there they lack the capital, they lack the labor, they lack the fuel which are necessary before they can become great manufacturing countries. There is not a country from Mexico and Cuba south to Argentina and Chile that has sufficient labor. There is not a country down there that has one-fortieth of the capital it needs for the development of its industries. There is not a single country down there that has a

great fuel supply like the United States either of coal or oil, and you know what that means.

In Europe they have any amount of labor; in Europe they have any amount of capital, and in various portions of Europe they have any amount of fuel. In the Orient, in Japan they have labor to burn, so to speak; they have capital, they have fuel. Look at the enormous supply of labor in China. She lacks capital, but she will get it presently, very likely from the European world. She has great coal fields and possibly oil fields. But to the south of us is a mighty country, covering an area of nearly 12,000,000 square miles, three times the area of the United States, having a population of 70,000,000, twenty independent nations whose forms of government are based upon our own, clamoring for our manufactured products if we will only sell them to them under favorable conditions in competition with Europe, if we will show them the consideration in return that Europe is showing them.

Now it is all poppycock talk about the prejudice of Latin-America against the United States. The Latin-American merchant will buy from the United States manufacturer just as quickly as he will buy from the manufacturer of Spain or France, or Germany or Italy, provided you show him a price so that he can buy from you. The only way that sentiment will come in is that if they feel that we are discriminating against them, that we are passing a tariff bill which does not consider their interests, there is danger that their congresses will put an extra tax on such products as are manufactured in the United States, or will frame their schedules in such language that Germany, France, Spain, Italy and Belgium and other countries will have the advantage over us.

Now I consider the interests of the manufacturers. I have always tried to be their friend. That has been my ambition wherever I have been a diplomatic officer during the last fifteen years in different parts of the world. I believe the noblest ambition that any minister who goes out from our country can have is to be a commercial agent of the great manufacturers of our country. I do not believe in this idea that ministers should go abroad just for the purpose of attending social functions, just to entertain. I have no sympathy with that ambassador or minister who writes back and says that the commercial work is entirely in the hands of the consuls, that he knows nothing about it. I have seen the ambas-



sadors and ministers of Germany, France and England acting as the commercial agents of their countries over here, and I want to see every ambassador and minister who goes abroad, even if he goes to a capital where plush pants and knee breeches are the order of the day, I want him to be ready if necessary to put on his overalls in order to find out what a market there is abroad for the manufacturers of the United States. Perhaps the proudest recollection I have of the four or five different posts where I have been minister is that at one time a certain under-official, I will not mention his name, in our State Department a number of years ago mildly censured me because he said I was trespassing upon the duties of the consul, that it would be better if I sent fewer reports in regard to commercial opportunities for our manufacturers. Now of course I had to expect that criticism, but I want you to know that I was proud to receive it. I think that is the only censure I ever received in my diplomatic experience in different parts of the world, and if I should ever be in a position to invite it again, I should be very proud of it. But what I am getting at is this, that the competition to-day is becoming so keen on the part of Europe that we have to realize all these things, and I see it all over South America, all over Latin-America to-day as never before. I can see from the papers that come up from there, I can see from the letters that we are getting, I can see from the stories that the Latin-American ministers themselves are telling me, that there never was a time before when the exporters of Germany, the exporters and manufacturers of France and Belgium and Holland and Spain and Italy and Austria were working as they are now to get such a foothold down there among those countries that we cannot supplant them.

Now please understand me. I do not say this in criticism of Europe. I rather say it to the credit of those countries. I admire the exporters and manufacturers of those countries for doing it. I admire those European governments for backing them up. I admire the European governments because they back up their ministers and their consuls in their efforts to get a fair share of the trade of that part of the world. Now what I want to see is a great public sentiment in this country that will stand back of our government, that will stand back of our manufacturers, so that we shall go into this field realizing that it is worth the effort that we must

put forth in competition with these other countries in order to obtain control of that market. Why, think of it! You say, "Oh, they are dago countries, they are lands of revolution." Now, gentlemen, I for one get out of patience with that suggestion. Just stop and think that three-fourths of the great continent of South America (I am not speaking of all Latin-America, which comprises everything from the Rio Grande and Cuba south to the Straits of Magellan), two-thirds of South America, by which I mean everything south of Panama, has known absolutely no revolution of any kind, shape or form for over fifteen years. Two-thirds of the total population of South America has been absolutely free from revolutionary trouble, and only the other day one of the great financial papers of Berlin called attention to the fact that German investments in South America to-day were returning an average of from two to five per cent more than German investments in the United States, and that they were considered now almost as safe.

Great Britain has three hundred million pounds sterling or one billion five hundred million dollars worth of money invested in Argentina. I do not think there are more than \$20,000,000 or perhaps not more than \$15,000,000 of United States capital invested in that part of the world. When I say that, I do not mean to be thought a fault finder, because I realize that the necessities of our marvelous development and expansion and the building up of our manufacturing plants have absorbed our surplus capital, but I just mention it for the purpose of letting you know that the field is a great one and worthy of study.

A great financial journal of London has made the announcement that after careful study of the field it was convinced that the next twenty years would see two billion dollars invested in South America for the development of its mighty resources. Let us stop and remember that all South America is almost where the United States was seventy years ago in its material development, with a greater population in proportion to area than the United States then had. Think what has come to this country in the last seventy years, and then stop and think what is coming in South America. She has the advantage of the experimenting of all the rest of the world. Where would the United States be to-day if we had known seventy years ago what we know now about material development? South America is profiting by every experiment that the world has

made, and as that country is exploited, as it advances along those lines, it is going to become still more a land of opportunity.

I wish I had time this afternoon to go into the details of this market, but I have not. I am only urging you, in the discussion of greater and more important questions, not to forget entirely this market to the south of us.

Now there are just four things upon which our development of trade with that part of the world depends. I have mentioned one of them: First, right now, is this tariff bill pending in Washington. I have discussed that sufficiently, and have referred to the question of a tariff commission.

The second is the improvement of our shipping facilities. Now I am not going to utter a single word about the so-called ship-subsidy. I am just going to present it in this light: Where would the great cities of our country be, where would our vast commerce in our own country be, if we did not have fast mail, fast express and fast passenger trains? Where would New York, Chicago, St. Louis and San Francisco be if they were dependent upon freight trains alone to carry the mails and carry passengers and carry fast express? The situation with all Latin-America to-day is that we have practically only a freight service on the lines of the seas between here and South America. In other words, we have practically only freight vessels. Now if we are going to find cargoes to fill those vessels, we must have another class of vessels that will carry the letters back and forth between the manufacturers of this country and the importers of that part of the world, that will bring their buyers up here and take our sellers down there, and that will enable us to dispatch our manufactured products down there quickly when they want them dispatched quickly. You have heard me say before that when I was your minister to Argentina I saw more heads of firms in Buenos Aires—a city with a population of 1,200,000, and growing faster than any city in this country except New York and Chicago—I saw more heads of great firms sail from Buenos Aires in one week upon the fast, commodious and beautiful vessels of the European lines, to buy goods in Europe, than came to the United States in a whole year upon the kind of steamers that come to this land. When I asked them the reason they said: "If you will put the same kind of ships on the line from Buenos Aires up to New York, we will go there." In Rio Janeiro more

merchants went over to France and England on one steamer than came to the United States in seven months upon the vessels running from Rio Janeiro to the United States. Time and time again the head of a great firm in Buenos Aires would walk into my office and lay before me a correspondence with a manufacturer in Germany and a correspondence with a manufacturer in the United States. His letter had gone to Germany and the answer was half way back to Buenos Aires before the letter to the American manufacturer had reached its destination. You have to carry the mails quickly between New York and Buenos Aires and Montevideo and Rio Janeiro, just as you must carry them quickly between New York and Chicago. Now you may call it a subvention, you may call it a subsidy. I do not care what you call it. We must have it if we are going to stand the competition with these other countries.

I want to go just as far to say that I would pay money to a steamship company flying a foreign flag, if we can only have the service; and I want to say right here that it is splendidly to the credit of one European company that it has just placed on the line from New York south to Buenos Aires a magnificent new vessel of 12,500 tons, that has passenger accommodations which the most luxurious manufacturer in this country could desire. In other words, ships belonging to England are coming right over here under our own noses and teaching us how to build up trade with South America. I say shame on us, when we tamely allow foreign countries to take the hazard of providing the conditions necessary to build up our trade, and are not willing to do anything for ourselves.

The third condition is this, the establishment of better banking relations. I think I can say with confidence that we are on the verge of getting that great change. For over two years I have been laboring uphill and downhill with the great bankers and financiers of this city and this country to have them establish here in New York City a great Latin-American or Pan-American bank, with branches in Rio Janeiro, in Montevideo, in Buenos Aires, in Santiago, in Lima, in Bogota, in Quito and other places, and I believe that within another year you will see this great change come about. When you tell me it cannot succeed, I say how is it then that the great banking interests of Great Britain, Germany and France have

succeeded all over that part of the world. Hardly a week passes that some manufacturer, some business man, does not write to me saying: "Is there an American bank in this or that city through whom we can operate for the establishment of an agency and find out what are the trade conditions in that part of the world?" You have got to have banks controlled by American capital, and having the interests of our country at stake to build up our trade, just as much as you must have banks in every city and town of importance in this country. It is a plain A B C question.

Now I might go on and call your attention to other points, but I simply want to say this in conclusion, that the International Bureau of American Republics is proud of the interest that the National Association of Manufacturers has taken in it. More than once I think you have passed some kind of a resolution approving of its labors. We want to be of use to you. We want you to be of use to us. I want to see you solve these other great problems of labor and of industrial education. Let me say on that point that only the other day one of the great South American countries through its interior department sent me a long cablegram asking me to send them all the data I could about industrial education in the United States. And with your permission, Mr. President, I am going to send a copy of this report, and I shall be glad to forward anything further that may come from you along that line. South America is awakening to the necessity of industrial education, and to all these questions that you are discussing. I want you to remember that the International Bureau of American Republics is not an ornamental institution any longer. It is a useful institution. It wants to co-operate with you and it wants your support.